

ANNUAL REPORT

OF THE

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

G. W. WEBSTER AND JOSEPH CHAPMAN, TRUSTEES

FOR THE YEAR ENDED
DECEMBER 31

1942

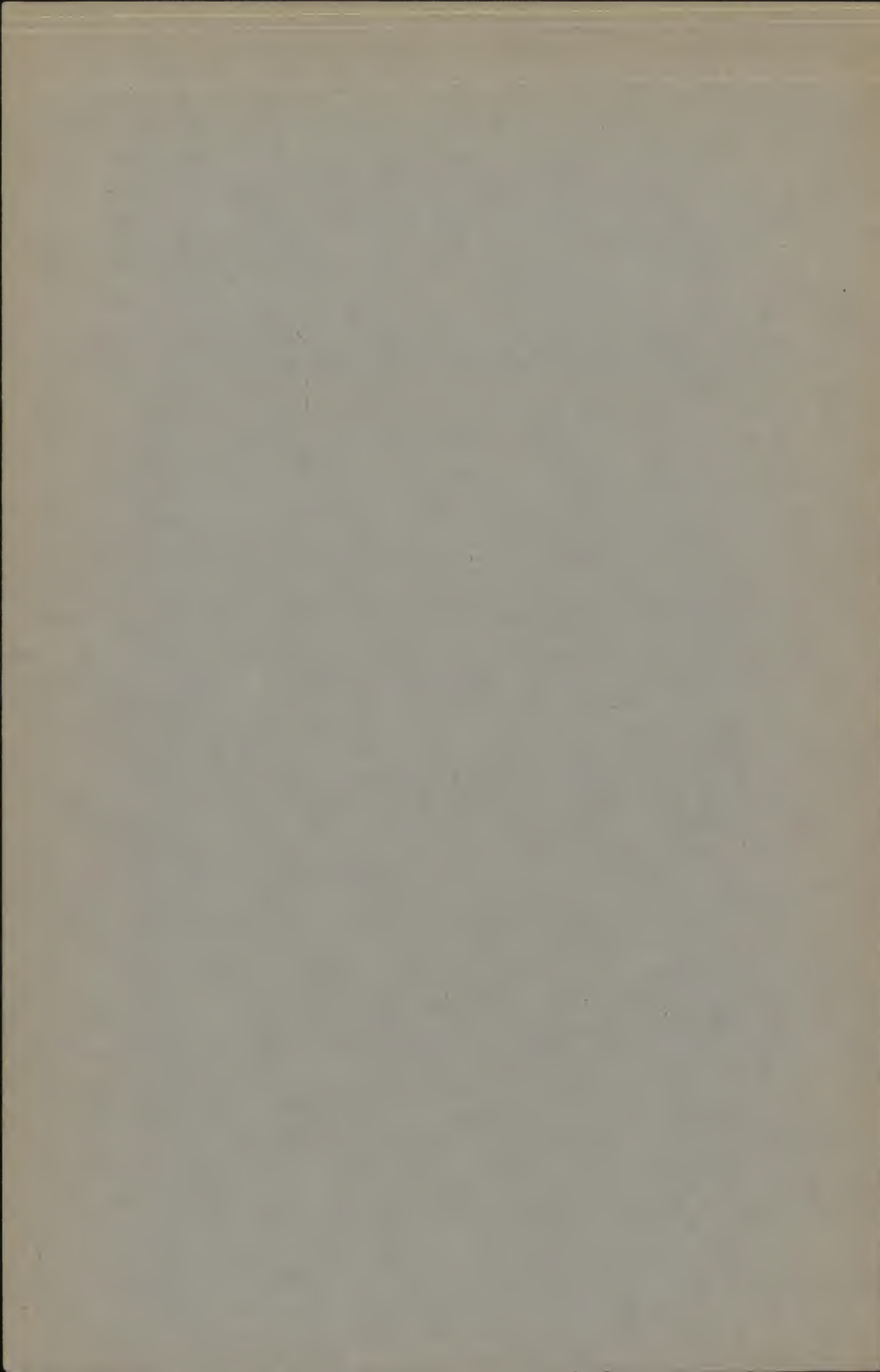


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MINNEAPOLIS, ST. PAUL & SAULT
STE. MARIE RAILWAY COMPANY
G. W. WEBSTER AND JOSEPH CHAPMAN, TRUSTEES

FOR THE YEAR ENDED
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This report is published by the Trustees of the property of the Company and includes operations and accounts prior and subsequent to Trusteeship in order to preserve the continuity of the annual records for comparative purposes.



MINNEAPOLIS ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

G. W. Webster and Joseph Chapman, Trustees

C. S. POPE, Executive Assistant

R. E. DAVIES, Assistant to Trustees

J. L. HETLAND, Counsel for Trustees

E. A. WHITMAN	Chief Operating Officer	Minneapolis, Minn.
E. G. CLARK	General Traffic Manager	Minneapolis, Minn.
A. E. HANCOCK	Comptroller	Minneapolis, Minn.
C. H. BENDER	Treasurer	Minneapolis, Minn.
T. Z. KRUMM	Chief Engineer	Minneapolis, Minn.
R. SIMPSON	Asst. to Chief Operating Officer	Minneapolis, Minn.
W. G. MILLER	Asst. to Chief Operating Officer	Minneapolis, Minn.
C. L. SIMPSON	General Superintendent	Minneapolis, Minn.
B. N. LEWIS	Mechanical Superintendent	Minneapolis, Minn.
T. J. RUTH	Acting Purchasing Agent	Minneapolis, Minn.
R. S. CLAAR	Real Estate & Land Commissioner	Minneapolis, Minn.
R. N. GOLDEN	Asst. General Traffic Manager	Minneapolis, Minn.
E. F. RICE	Freight Traffic Manager	Minneapolis, Minn.
C. V. GALLAGHER	Asst. Freight Traffic Manager	Chicago, Illinois
A. T. ERICKSON	General Passenger Agent	Minneapolis, Minn.
H. A. THOMSON	Tax Commissioner	Minneapolis, Minn.
J. R. CHAPMAN	Assistant Comptroller	Minneapolis, Minn.
J. E. OLSON	Assistant Treasurer	Minneapolis, Minn.

BOARD OF DIRECTORS

*SIR EDWARD W. BEATTY, G. B. E.	Montreal, Quebec
E. L. CARPENTER	Minneapolis, Minn.
E. G. CLARK	Minneapolis, Minn.
D. C. COLEMAN	Montreal, Quebec
E. W. DECKER	Minneapolis, Minn.
F. T. HEFFELFINGER	Minneapolis, Minn.
C. T. JAFFRAY	Minneapolis, Minn.
C. S. LANGDON	Minneapolis, Minn.
H. S. MITCHELL	Minneapolis, Minn.
J. S. PILLSBURY	Minneapolis, Minn.
F. J. SENSENBRENNER	Neeenah, Wis.
L. B. UNWIN	Montreal, Quebec
L. E. WAKEFIELD	Minneapolis, Minn.
G. W. WEBSTER	Minneapolis, Minn.

One Vacancy.

*Sir Edward Beatty died on March 23, 1943

CORPORATE OFFICERS

C. T. JAFFRAY	Chairman of the Company	Minneapolis, Minn.
G. W. WEBSTER	President	Minneapolis, Minn.
P. J. STOCK	Secretary	Minneapolis, Minn.
C. H. BENDER	Treasurer	Minneapolis, Minn.
J. E. OLSON	Asst. Sec'y and Asst. Treasurer	Minneapolis, Minn.

Transfer Agents: Common and Preferred Stock
BANK OF MONTREAL TRUST Co.
64 Wall Street, New York

Transfer Agents: Bonds and Leased Line Certificates
AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Registrar of Stocks: CENTRAL HANOVER BANK
& TRUST Co., New York

Registrar of Bonds: AGENTS, BANK OF MONTREAL
64 Wall Street, New York

Annual Meeting Third Tuesday in May, at Minneapolis, Minn.



In The
DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF MINNESOTA
Fourth Division

In Proceedings for the Reorganization of a Railroad

<p style="text-align: center;">In the Matter of MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY, <i>Debtor.</i></p>	<p style="font-size: 4em;">}</p>	<p>No. 13816</p>
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Trustees' Annual Report

*To the Honorable Judges of the District Court of the United States,
for the District of Minnesota, Fourth Division:*

Submitted herewith is a report for the fiscal year ended
December 31, 1942.

The following condensed statement shows the results of
the operations for the year 1942 as compared with 1941:

	Year 1942	Year 1941
Railway Operating Revenues.....	\$22,718,021.99	\$19,731,911.13
Railway Operating Expenses.....	17,076,896.06	15,500,031.38
Net Revenue from Railway Operations....	\$ 5,641,125.93	\$ 4,231,879.75
Net Equip., Jt. Facil. Rents and Taxes—Dr....	1,656,691.76	1,918,310.50
Net Railway Operating Income.....	\$ 3,984,434.17	\$ 2,313,569.25
Other Income—Net	13,245.70	130,607.49
Income before fixed charges.....	\$ 3,971,188.47	\$ 2,444,176.74
Rent for Leased Roads, Interest on Equipment Obligations and Miscellaneous Accounts, being paid by Trustees	60,071.95	55,446.13
Balance	*\$ 3,911,116.52	*\$ 2,388,730.61

*After \$545,696.02 in 1942 and \$396,820.91 in 1941 charged to Operating Expenses for special amortization of equipment in excess of regular depreciation charges, authorized by a Defense Certificate of the War Department.

In addition to the fixed charges being paid by the Trustees, interest was accrued on the books of the Company on its Bonds, Notes, Advances, etc., amounting to \$6,544,711.53 in 1942, as compared with \$6,551,366.94 for the preceding year.

6 MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

Railway Operating Revenues	Year 1942	Year 1941	Increase or Decrease	
			Amount	Per Cent
Freight Revenue	\$20,177,264	\$17,663,263	\$2,514,001	14.23
Passenger Revenue	1,031,452	657,090	374,362	56.97
All Other Revenues	1,509,306	1,411,558	97,748	6.92
Total Ry. Operating Revenues..	\$22,718,022	\$19,731,911	\$2,986,111	15.13

A comparative statement of freight revenues and cars handled follows:

(000 omitted from revenues)					
Products of Agriculture:	1942	1941	1940	1939	1938
Cars	43,489	41,761	36,649	29,633	28,932
Revenue	\$6,781	\$5,971	\$4,724	\$3,560	\$3,048
Animals and Products:					
Cars	11,503	10,998	9,768	9,734	8,657
Revenue	\$ 779	\$ 708	\$ 670	\$ 697	\$ 589
Products of Mines:					
Cars	85,956	71,773	61,983	53,834	40,839
Revenue	\$3,585	\$2,918	\$2,519	\$2,255	\$1,793
Products of Forests:					
Cars	56,295	49,589	38,250	32,482	28,774
Revenue	\$2,503	\$2,074	\$1,779	\$1,653	\$1,455
Manufactures and Miscellaneous:					
Cars	67,553	67,655	58,415	51,882	47,976
Revenue	\$5,732	\$5,162	\$4,738	\$4,244	\$3,932
Less than Carload Freight:					
Tons	91,667	107,964	92,261	101,519	106,870
Revenue	\$ 797	\$ 830	\$ 779	\$ 845	\$ 850
Grand Total:					
Cars	264,796	241,776	205,065	177,565	155,178
Revenue	\$20,177	\$17,663	\$15,209	\$13,254	\$11,667

Freight Revenues in detail for the year 1942 as compared with year 1941 were as follows:

		Increase or Decrease	
		Amount	Per Cent
Products of Agriculture:			
1942	1941		
Wheat	\$ 3,927,464	\$ 3,669,250	\$ 258,214 7.04
Corn	101,879	136,525	34,646 25.38
Oats	494,971	285,072	209,899 73.63
Barley and rye.....	1,056,656	980,364	76,292 7.78
Flaxseed	507,861	326,369	181,492 55.61
Hay and alfalfa.....	34,779	51,603	16,824 32.60
Potatoes	118,765	124,613	5,848 4.69
All other	539,072	396,820	142,252 35.85
Total	\$ 6,781,447	\$ 5,970,616	\$ 810,831 13.58
Animals and Products:			
Cattle and calves....	\$ 293,213	\$ 255,363	\$ 37,850 14.82
Butter	122,401	133,123	10,722 8.05
All other	363,424	319,888	43,536 13.61
Total	\$ 779,038	\$ 708,374	\$ 70,664 9.98
Products of Mines:			
Bituminous coal	\$ 917,685	\$ 782,775	\$ 134,910 17.23
Lignite coal	630,343	587,876	42,467 7.22
Iron ore	1,296,636	1,030,567	266,069 25.82
All other	740,609	517,356	223,253 43.15
Total	\$ 3,585,273	\$ 2,918,574	\$ 666,699 22.84
Products of Forests:			
Posts, poles and piling..	\$ 150,323	\$ 128,635	\$ 21,688 16.86
Pulpwood	688,546	454,941	233,605 51.35
Lumber, shingles, lath..	1,411,988	1,247,821	164,167 13.16
All other	251,632	242,425	9,207 3.80
Total	\$ 2,502,489	\$ 2,073,822	\$ 428,667 20.67
Manufactures and Miscellaneous:			
Petroleum oils, refined, etc.	\$ 1,088,305	\$ 1,315,953	\$ 227,648 17.30
Fuel and road oils, etc.	222,173	243,989	21,816 8.94
Iron, steel (5th class)..	385,241	173,941	211,300 121.48
Cement, building	189,313	152,711	36,602 23.97
Agricultural implements and parts	116,221	167,328	51,107 30.54
Tractors and parts....	149,740	220,826	71,086 32.19
Automobiles, passenger	7,482	81,642	74,160 90.84
Newsprint paper	530,299	533,881	3,582 .67
All other	3,043,476	2,271,310	772,166 34.00
Total	\$ 5,732,250	\$ 5,161,581	\$ 570,669 11.06
Less-than-carload Freight..	\$ 796,767	\$ 830,296	\$ 33,529 4.04
Total carload and L. C. L. Freight	\$20,177,264	\$17,663,263	\$2,514,001 14.23

Products of Agriculture: An unusually cool summer with abundant rainfall over practically all of our territory was very beneficial to most small grain and feed crops. However, the corn crop in many sections did not mature due to the cool weather and an early frost. Potatoes in many localities were damaged by excessive moisture and frost.

It is estimated that the 1942 grain crop produced in Soo Line territory, west of Minneapolis and Duluth, amounted to approximately 57,000,000 bushels, of which 29,854,396 bushels moved to market between August 1 and December 31, 1942, the balance remaining in elevators and on farms along the line.

Revenue from the movement of grain during the entire year 1942 amounted to \$6,088,831 as compared to \$5,397,580 in 1941, an increase of \$691,251, or 12.81%. Revenues from other products of agriculture amounted to \$692,616 in 1942 as compared to \$573,036 in 1941, an increase of 20.87%.

Agricultural development work and educational activities were carried on in cooperation with various state and federal organizations. Every effort was made to foster increased production vitally necessary to the war effort.

The table below shows the total movement of grain in bushels over the Soo Line, beginning in 1922, separated between that originated on line and received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head of the Lakes.

(000 omitted from bushels)

	Originated on Line		Received from Connections		Other Movements	
	Jan. 1 to July 31	Aug. 1 to Dec. 31	Total	Total	Total	Total
1922....	12,262	33,439	45,701	2,477	48,178	55,939
1923....	23,347	20,659	44,006	2,390	46,396	51,574
1924....	12,299	46,441	58,740	2,173	60,913	66,649
1925....	17,673	37,944	55,617	2,182	57,799	62,935
1926....	14,935	18,272	33,207	1,930	35,137	41,076
1927....	10,410	36,716	47,126	1,698	48,824	54,896
1928....	16,145	38,275	54,420	1,774	56,194	65,144
1929....	16,625	20,725	37,350	1,297	38,647	45,815
1930....	11,087	26,625	37,712	1,407	39,119	43,808
1931....	13,652	7,801	21,453	730	22,183	25,368
1932....	3,705	13,207	16,912	747	17,659	20,379
1933....	10,558	10,021	20,579	645	21,224	24,633
1934....	6,394	4,954	11,348	1,996	13,344	18,878
1935....	3,105	14,046	17,151	927	18,078	22,279
1936....	6,379	3,517	9,896	1,112	11,008	14,879
1937....	2,147	12,427	14,574	587	15,161	18,867
1938....	4,859	15,058	19,917	916	20,833	25,552
1939....	7,941	17,625	25,566	1,594	27,160	30,264
1940....	10,886	18,766	29,652	7,831	37,483	39,930
1941....	13,549	26,165	39,714	3,433	43,147	48,274
1942....	16,941	29,854	46,795	1,642	48,437	52,510

Animals and Products: This class of traffic shows an increase of \$70,664, or 9.98%, in revenues as compared with the year 1941. Shipments of nearly all commodities included in this group increased. The decrease in shipments of butter was due to truck competition.

Products of Mines: There was an increase of \$666,699, or 22.84%, in revenues from the transportation of products of mines as compared with the previous year. Due to the war, there was an increased tonnage of nearly all products of mines. Total tonnage of iron ore via the Soo Line amounted to 1,723,396 long tons in 1942 as compared to 1,341,766 long tons in 1941. Tonnage via the Soo Line from the Cuyuna Range to our joint Superior dock amounted to 1,125,757 long tons as compared to 985,597 long tons in 1941. In addition 264,447 long tons were forwarded from the Cuyuna Range to the Head of the Lakes and delivered to other railroads. Due to unusual conditions 125,555 long tons moved all rail from the Cuyuna Range to St. Louis. The remaining tonnage involved interchange and switch movements to and from connecting railroads.

Products of Forests: There was an increase of \$428,667, or 20.67%, in revenues from the transportation of this class of traffic as compared with the previous year. The increase is due principally to shipments of pulpwood and other forest products from Canada.

Manufactures and Miscellaneous: Revenues from transportation of commodities included in this group increased \$570,669, or 11.06%, as compared with the previous year. While a great many of these commodities showed an increase, there were substantial decreases in certain commodities such as, petroleum oils, agricultural implements and automobiles, because of war restrictions.

Passenger Revenue was \$1,031,452, an increase of \$374,362, or 56.97%, as compared to the previous year. There was an increase of 45.54% in the number of revenue passengers carried which was due to restricted use of private automobiles and increased military travel. Increased passenger fares which became effective February 10, 1942 were also a contributing factor.

Railway Operating Expenses for the year 1942 compared with the previous year were as follows:

	1942	1941	Increase or Amount	Decrease Per Cent
Railway Operating Revenues...	\$22,718,022	\$19,731,911	\$2,986,111	15.13
Railway Operating Expenses:				
Maintenance of Way and				
Structures	3,700,300	3,481,240	219,060	6.29
Maintenance of Equipment	3,999,802	3,470,755	529,047	15.24
Traffic	456,788	428,825	27,963	6.52
Transportation	8,179,482	7,432,759	746,723	10.05
Miscellaneous	79,584	75,636	3,948	5.22
General	660,940	642,309	18,631	2.90
Transportation for				
Investment—Credit	—	31,493	31,493	100.00
Total Operating Expenses.	\$17,076,896	\$15,500,031	\$1,576,865	10.17
Operating Ratio	75.17%	78.55%		
Net Revenue from Railway				
Operations	\$ 5,641,126	\$ 4,231,880	\$1,409,246	33.30

Maintenance of Way and Structures Expense increased \$219,060, or 6.29%, which was due principally to wage increases, an increased ballast program, increased police protection of bridges, vacation allowances referred to in last year's report, abnormal repairs to tracks caused by heavy rains in the Spring and Fall, and higher material costs. These increases were partially offset by a reduction in the cost of snow removal, fewer tie renewals, and by a reduction in retirement losses for buildings and structures.

Effective January 1, 1943, under an order of the Interstate Commerce Commission, monthly charges for depreciation of buildings, structures, and shop machinery will be included in the various maintenance accounts in lieu of retirement accounting, which was in effect prior to that time.

Maintenance of Equipment Expense increased \$529,047, or 15.24%, which includes a special charge of \$545,696 (as compared with \$396,821 in the previous year) in excess of regular depreciation charges, for amortization of new equipment over a five year period pursuant to a defense certificate which was authorized by the War Department. Excluding these special charges the increase amounted to \$380,172, or 12.37%, and is due principally to increased wage rates, depreciation charges, higher material costs, and vacation allowances with pay. Locomotive miles decreased 0.11%. Freight car miles increased 3.70% as compared with 1941, while there was a decrease of 3.37% in passenger car miles. The ratio of Maintenance of

Equipment Expenses, excluding special amortization charges, to Total Operating Revenues decreased from 15.58% in 1941 to 15.20% in 1942. Including the special amortization charge the ratio increased from 17.59% in 1941 to 17.61% in 1942.

Transportation Expenses increased \$746,723, or 10.05%. The increased expense is principally due to increased rates of pay and higher material costs. The ratio of Transportation Expenses to Gross Revenue decreased from 37.67% in 1941 to 36.00% in 1942. There was an increase of only 1.10% in freight train miles over the previous year. Gross tons per train increased from 1448 tons in 1941 to 1552 tons in 1942, or 7.18%. The average net tons per loaded freight car increased from 29.3 tons in 1941 to 32.7 tons in 1942, or 11.6%.

Hire of Equipment: Net credit for the year 1942 amounted to \$99,064 as compared to a net debit of \$160,290 for the previous year. There was a substantial increase in the net rental received from foreign lines, and a decrease in the amounts paid to private car companies for the use of their equipment.

Joint Facility Rents: Net charges for the year 1942 amounted to \$186,243 as compared to \$293,303 for the previous year, a decrease of \$107,060. Last year's report included a non-recurring item of \$131,826 in connection with refinancing the bonds of the St. Paul Union Depot Company. Effective January 1, 1942, rental for equipment and payroll taxes in connection with the use of joint facilities were charged to Joint Facility Rents in accordance with Interstate Commerce Commission regulations, whereas such charges were formerly included in equipment rents and taxes.

Railway Tax Accruals for the year 1942 amounted to \$1,569,512 as compared to \$1,464,717 for the year 1941. Property and gross earnings taxes were \$933,090, an increase of \$35,305. Railroad Retirement Taxes were \$315,876, an increase of \$33,264, and Unemployment Compensation Taxes were \$315,701, an increase of \$33,106, because of increased pay rolls.

Property Investment: The investment in Road Account shows a net increase for the year of \$93,134. Gross charges aggregated \$475,138, of which amount \$374,590 was financed through the recovery of salvage from retirements charged to Profit and Loss, retirement losses charged to Operating Ex-

penses, Donations, and Grants from Governmental Agencies, leaving a balance of \$100,548 appropriated from net earnings. The program included the relay of 39.91 miles of track with new 90 pound rail, and 24.47 miles of track with rail recovered from other relay projects; the placing of additional tie plates and ballast; the construction of 6.48 miles of additional side and yard tracks at various points; the renewal and filling of bridges; the installation of 5 water stations; 1 remote control switch machine with signals at Wisconsin Junction, Wisconsin; improvements to 2 interlocking plants; and the purchase of roadway machines and shop machinery. Retirements totaling \$382,004 include 19.42 miles of side and yard tracks at various points; 9 water stations; 1 interlocking plant; 3 depot buildings; 18 minor road and terminal structures; and various bridges.

The Equipment investment account increased in the amount of \$516,131. Gross charges aggregating \$810,695 include such major items as the purchase of 100 auto box cars and 4 used steam locomotives; the rehabilitation of 8 used locomotives; the construction of 3 new locomotive tenders; the application of "AB" brake equipment to freight-train cars; application of mechanical stokers, feed water heaters and mechanical lubricators to 4 locomotives; air conditioning and remodeling 2 passenger-train cars; and purchase of 3 automobiles and 1 truck. Retirements in the sum of \$294,565 include 3 steam locomotives, 6 extra locomotive tenders, 169 freight-train cars, and 7 passenger-train cars

Funded and Unfunded Debt: During the year principal payments of \$558,426 were made on equipment purchase contracts. The principal on notes to The Railroad Credit Corporation was reduced \$31,760.

Wage Increases: Wage increases granted to the non-operating railway labor organizations and the train and engine service organizations referred to in the 1941 report, which were in effect during the entire year of 1942, amounted to approximately \$1,347,000.

On September 25th, 1942 the non-operating railway labor organizations served notice under the provisions of the Railway Labor Act, making further demands including a "closed"

shop agreement and an increase in existing rates of pay of twenty cents per hour, with a minimum base rate of seventy cents per hour. Carriers' Conference Committees were organized and met with the Employees National Conference Committee and, after failure to reach an agreement in the matter of wages and rules, the Chairman of the National Railway Labor Panel appointed an emergency board to investigate the dispute and report thereon. No decision by the Board has been announced.

On January 25th, 1943 the train and yard service organizations served notice under the Railway Labor Act requesting a thirty per cent increase in basic rates with a minimum increase of \$3.00 per day. A Carriers' Conference Committee met with representatives of the organizations and, failing to reach an agreement, the matter was likewise referred to the National Railway Labor Panel on February 24th, 1943. No Board to investigate the matter has been appointed.

Rate Increases: In January, 1942, the Interstate Commerce Commission granted the railroads an increase, effective February 10, 1942, of 10% on all passenger fares, excepting military and naval furlough travel, and also granted increases effective March 18, 1942, of 6% on interstate freight rates generally, but only 3% on products of agriculture, animals and products, and certain products of mines. No increases were authorized on iron ore. On coal and coke, increases ranged from 3c to 5c per ton.

Petitions to cancel these increases were filed by several Federal and State agencies and shippers' organizations. The railroads, through the Association of American Railroads, opposed those petitions. The increases were authorized mainly to provide revenue to meet the increased wage rates granted in 1941, previously described. However, the Commission, after hearings, issued an order effective May 15, 1943 suspending until January 1, 1944 all increases in freight rates which became effective March 18, 1942. Passenger fares, except interstate commutation fares, were not disturbed. Based upon the volume of traffic moved in the year 1942, it is estimated, that on an annual basis, the increased rates would have added approximately \$930,000 to the company's gross revenues.

Wisconsin Central Railway Company: The Wisconsin Central properties are still in receivership and are operated by the Trustees of the Soo Line, with the approval of the Court, as Agents for the Receiver of the Wisconsin Central pursuant to an operating agreement.

Soo Reorganization Proceeding: A Plan of Reorganization for this Company, substantially the same as described in last year's annual report, was approved by the Interstate Commerce Commission on June 17, 1942. After notice to all parties, the Plan was submitted to the United States District Court for the District of Minnesota. After hearing the parties who appeared in opposition to, and in support of, the Plan, the Court entered an Order on November 13, 1942, approving the Plan certified to it by the Commission, with a few minor modifications.

On the same date the Court authorized the payment of allowances for fees and expenses in connection with the Reorganization Proceeding and Plan to and including June 30, 1942 in the total amount of \$151,651.26, all of which were paid during the year 1942. The allowances were in accord with the maximum limits set by the Interstate Commerce Commission.

On February 11, 1943, the Interstate Commerce Commission submitted the Plan to a vote of the security holders entitled by reason of their lien rights to participate in the distribution of the Company's assets. Sixty days were allowed by the Commission for the vote. The Commission found, and the Court affirmed the finding, that the claims of general unsecured creditors and stockholders of the Company were of no value inasmuch as the assets of the Company were not sufficient to satisfy its secured claims having priority over them. Therefore, the Plan was not submitted to those classes.

An appeal was taken from the Court's Order approving the Plan of Reorganization on a few points involved, but on motion of the Trustees and the Life Insurance and Savings Banks Groups, the Circuit Court of Appeals for the Eighth Circuit, on April 12, 1943, dismissed the Appeal. There are now no appeals pending in the proceedings.

On April 27, 1943, the Commission issued its certificate showing the result of the vote. Nearly 100% of those voting in each class to which the Plan was submitted, voted to accept it.

The Plan will now be submitted to the Court for a review of the vote and, if confirmed, reorganization managers will be appointed to consummate the Plan. The reorganization managers will arrange for the deposit of the old securities, the issuance of the new securities, and the execution of the necessary instruments to put the Plan into effect. **Security holders will be notified when and where their securities should be deposited and no deposits can be made in the meantime.**

The Trustees commend the officers and employees of the Company for their wholehearted support of the war effort by their purchases of war bonds and stamps, and contributions to the Red Cross and other service organizations. At the present time there are 962 employees in the armed service. They also take pleasure in acknowledging and expressing appreciation to them for their continued loyalty and devotion to duty which made possible the results for the year.

G. W. WEBSTER,
JOSEPH CHAPMAN,
Trustees.

JAMES L. HETLAND,
Counsel for Trustees.

Minneapolis, Minnesota.
May 5, 1943.



In Memoriam

SIR EDWARD WENTWORTH BEATTY,
G. B. E.

On March 23rd of the present year there occurred at Montreal the death of Sir Edward Wentworth Beatty, G.B.E., in the 66th year of his age.

Sir Edward was for many years Chairman and President of Canadian Pacific Railway Company, the majority stockholder of this Company. He was since 1922 one of our Directors

During Sir Edward's term of office he gave close attention to this Company's affairs, and throughout the trying years prior to the present reorganization proceeding he gave it the full benefit of his broad experience and mature judgment in railway matters. In his death this Company has sustained a heavy loss, and its Officers and Directors desire to place on record this expression of their keen regret at the passing of a man who was a great strength and support in the administration of its affairs.



In Memoriam

WILLIAM NORMAN TILLEY, K.C.

It is with deep regret that the Directors record the death at Toronto on June 10th, 1942, of Mr. William Norman Tilley, K.C., in the 75th year of his age.

Mr. Tilley was a Director and a member of the Executive Committee of Canadian Pacific Railway Company, and had been since 1928 a member of our Board of Directors.

He gave to this Company the full benefit of his wide experience and profound legal knowledge in connection with many special problems which during his term of office came under review by this Board. The Officers and Directors desire to record their sense of keen regret at the loss which the Company has sustained in his death.



*To Messrs. G. W. Webster and Joseph Chapman, Trustees,
Minneapolis, St. Paul & Sault Ste. Marie Railway Company,
Minneapolis, Minnesota.*

We have examined the balance sheet of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company as of December 31, 1942 and the statements of income and profit and loss for the year ended on that date, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and profit and loss, incorporating the transactions of the trustees and with notes thereon, present fairly the position of the Minneapolis, St. Paul & Sault Ste. Marie Railway Company at December 31, 1942 and the results of the operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.

New York, N. Y.,
April 26, 1943.

BALANCE SHEET

As of December 31, 1942

ASSET SIDE

	Trustees' Books	Corporate Books	Total
Property Investment:			
Road.....	\$ 225,436.41	\$ 104,658,838.47	\$ 104,884,274.88
Equipment.....	2,413,883.51	24,397,298.36	26,811,181.87
	\$ 2,639,319.92	\$ 129,056,136.83	\$ 131,695,456.75
Less: Reserve for Equipment Depreciation and Amortization (See Page 41).....	2,719,756.03	13,967,183.06	16,686,939.09
Total.....	\$ Cr. 80,436.11	\$ 115,088,953.77	\$ 115,008,517.66
Sinking and Other Reserve Funds:			
First Refunding Mortgage, Series "A".....		\$ 386.68	\$ 386.68
For Obligations under Plan of Reorganization.....	\$ 3,615,139.83		3,615,139.83
Total.....	\$ 3,615,139.83	\$ 386.68	\$ 3,615,526.51
Deposits in Lieu of Mortgaged Property Sold:			
Cash.....	\$ 1,627,986.37	\$ 34,045.56	\$ 1,662,031.93
Receiver, W. C. Ry. Equipment Notes, Series "B".....		1,125,000.00	1,125,000.00
Accrued Interest to be Deposited...	19,687.50		19,687.50
Total.....	\$ 1,647,673.87	\$ 1,159,045.56	\$ 2,806,719.43
Miscellaneous Physical Property.....	\$ Cr. 30,931.16	\$ 546,250.83	\$ 515,319.67
Investments In and Advances To Affiliates:			
Wisconsin Central Railway Co.....		\$ 22,147,605.86	\$ 22,147,605.86
Other Railroad Companies.....	\$ 18,754.29	2,855,507.68	2,874,261.97
Miscellaneous Companies.....	61,659.60	3,596,546.88	3,658,206.48
Total (Per Schedule on Page 29).....	\$ 80,413.89	\$ 28,599,660.42	\$ 28,680,074.31
Other Investments:			
(Per Schedule on Page 29).....	\$ 8,901.35	\$ 606.00	\$ 9,507.35
Total Investments.....	\$ 5,240,761.67	\$ 145,394,903.26	\$ 150,635,664.93
Current Assets:			
Cash.....	\$ 5,004,857.83		\$ 5,004,857.83
Cash in Transit.....	160,170.43		160,170.43
Special Deposits:			
Employees' Income Tax and War Bonds.....	161,219.93		161,219.93
Other Special Deposits.....	140,696.48	\$ 17,274.64	157,971.12
Loans and Bills Receivable.....	432.50		432.50
Traffic and Car-Service Balances...	406,381.57	Cr. 39,669.03	366,712.54
Agents and Conductors Balances...	467,825.27		467,825.27
Miscellaneous Accounts Receivable...	906,157.08	317.48	906,474.56
Material and Supplies.....	2,965,663.88		2,965,663.88
Interest and Dividends Receivable...	482.64		482.64
Other Current Assets.....	60,258.65		60,258.65
Total.....	\$ 10,274,146.26	\$ Cr. 22,076.91	\$ 10,252,069.35
Deferred Assets:			
Working Fund Advances.....	\$ 12,850.26		\$ 12,850.26
Receiver of Wisconsin Central Ry. Co.....	45,314.71		45,314.71
Other Deferred Assets.....	25,016.61	\$ 87,673.89	112,690.50
Total.....	\$ 83,181.58	\$ 87,673.89	\$ 170,855.47
Unadjusted Debits:			
Rents and Insurance paid in advance	\$ 37,635.53		\$ 37,635.53
Other Unadjusted Debits.....	1,142,834.76	\$ 8,147.10	1,150,981.86
Total.....	\$ 1,180,470.29	\$ 8,147.10	\$ 1,188,617.39
GRAND TOTAL.....	\$ 16,778,559.80	\$ 145,468,647.34	\$ 162,247,207.14

See Pages 25, 26, 27 and 28 for Notes to Balance Sheet and Contingent and Joint Liabilities.

BALANCE SHEET **As of December 31, 1942**

LIABILITY SIDE

	Trustees' Books	Corporate Books	Total
Capital Stock:			
Common.....		\$ 25,206,800.00	\$ *25,206,800.00
Preferred.....		12,603,400.00	*12,603,400.00
Total.....		\$ 37,810,200.00	\$ *37,810,200.00
Governmental Grants:			
Grants in Aid of Construction.....	\$ 78,817.76	\$ 533,836.24	\$ 612,654.00
Bonds, Notes, Etc. and Interest Thereon:			
First Consolidated Mortgage.....		\$ 87,603,950.00	\$ 87,603,950.00
Second Mortgage.....		4,273,760.00	4,273,760.00
First Refunding Mortgage.....		18,601,537.50	18,601,537.50
Reconstruction Finance Corp. Notes.....		7,461,356.68	7,461,356.68
Railroad Credit Corporation Notes.....		527,758.15	527,758.15
Two Year Secured Notes.....		6,599,908.26	6,599,908.26
Twenty-five Year Secured Gold Notes.....		3,163,002.38	3,163,002.38
Interest Guaranteed on W. C. Ry. Co. Bonds.....		1,242,280.00	*1,242,280.00
Canadian Pacific Ry. Co. Advances (Includes \$35,180,334.97 payable in Canadian Funds, stated at par)		35,530,968.52	*35,530,968.52
Western Express Co. Advance.....		10,000.00	*10,000.00
Total (Per Schedule on Page 30).....		\$ 165,014,521.49	\$ 165,014,521.49
Equipment Obligations and Interest:			
Pullman, Equipment Purchase Contracts.....	\$ 2,363,472.40		\$ 2,363,472.40
Electro-Motive Corp., Equipment Purchase Contract.....	111,562.65		111,562.65
Total (Per Schedule on Page 30).....	\$ 2,475,035.05		\$ 2,475,035.05
Current Liabilities:			
Audited Accounts and Wages Payable.....	\$ 2,230,473.56	\$ 894.53	\$ 2,231,368.09
Miscellaneous Accounts Payable....	160,558.19	143.92	160,702.11
Unmatured Rents Accrued.....	4,887.34		4,887.34
Receiver of Wisconsin Central Ry. Co.	635,609.97	1,564.50	637,174.47
Provision for Taxes.....	958,611.23	2.57	958,613.80
Other Current Liabilities.....	230,350.56		230,350.56
Total.....	\$ 4,220,490.85	\$ 2,605.52	\$ 4,223,096.37
Deferred Liabilities:			
Other Deferred Liabilities.....	\$ 184,330.08	\$ 16,189.16	\$ 200,519.24
Unadjusted Credits:			
Accounts between Corporation and Trustees—Net.....	\$ 235,612.11	\$ Dr. 235,612.11	
Other Unadjusted Credits.....	963,325.65	44,523.84	\$ 1,007,849.49
Total.....	\$ 1,198,937.76	\$ Dr. 191,088.27	\$ 1,007,849.49
Surplus or Deficit (See Page 32).....	\$ Cr. 8,620,948.30	\$ Dr. 57,717,616.80	\$ Dr. 49,096,668.50
GRAND TOTAL.....	\$ 16,778,559.80	\$ 145,468,647.34	\$ 162,247,207.14

See Pages 25, 26, 27 and 28, for Notes to Balance Sheet and Contingent and Joint Liabilities.

*These liabilities are not accorded any participation in the Plan of Reorganization.



NOTES TO BALANCE SHEET AS OF DECEMBER 31, 1942

General

The accounts of the Company are maintained in accordance with the regulations prescribed by the Interstate Commerce Commission. It has been the practice of the Company to follow closely the I.C.C. form in presenting the balance sheet, but in the accompanying statement the assets and liabilities have been grouped to meet the changed conditions, including the reorganization proceedings.

The following items on the books of the Company have been excluded from the accompanying balance sheet; namely: Wisconsin Central Railway Company Preferred Stock carried as an asset in the amount of \$10,331,500.00, and Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) 4% Leased Line Certificates carried as a liability in the amount of \$10,331,500.00 and also accruals for semi-annual installments on the Leased Line Certificates carried as a liability in the amount of \$4,515,302.33, liability being denied for the reasons set forth under Contingent and Joint Liabilities; Canadian Exchange on Canadian Pacific Railway Company Advances, carried as an asset in the amount of \$709,230.65 under Other Unadjusted Debits, was written off to Profit and Loss in 1938 as having no value in view of reorganization proceedings, but reinstated in the accounts during the year 1940 on instructions of the Interstate Commerce Commission.

The investments of the Company in Road, Equipment and Securities, together with advances to affiliates, are stated in the balance sheet at the values at which they are carried on the books (at or below cost); no provision has been made as of December 31, 1942, for any reduction of the book values which may result from the reorganization of the Soo Line or any of its affiliates, as such final values cannot be determined until the accounts for the new company have been approved by the Interstate Commerce Commission. The advances by the Company to the Central Terminal Railway are specifically subordinated to the rights of holders of outstanding Central Terminal First Mortgage Bonds and to the rights of the holders of the notes issued to Reconstruction Finance Corporation which are secured in part by Central Terminal Railway Capital Stock.

No attempt has been made to indicate specific lien rights on the assets of the Company in the accompanying statement.

The Company's equity in the equipment under the Equipment Purchase Contracts is contingent upon payments as follows:

	Date of Maturity	Installments Including Interest		Unpaid Balance	Depreciated or Amortized Book Value
		Due	Amount		
Electre-Motive Corp.—					
3 Diesel Sw. Locomotives...	9- 5-45	Monthly	\$3,507.47	\$ 111,562.65	\$ 195,886.76
Pullman, Incorporated—					
1,093 Freight Cars.....	10- 1-44	Quarterly	43,343.75	299,246.72	1,838,739.02
Pullman Std. Car Mfg.—					
249 Freight Cars.....	1-10-48	Monthly	7,604.17	436,500.91	420,767.39
Pullman Std. Car Mfg.—					
500 Freight Cars.....	6- 1-48	Quarterly	45,625.00	940,159.24	872,393.32
Pullman Std. Car Mfg.—					
100 Freight Cars.....	12- 1-47	Monthly	3,041.67	173,315.67	188,532.63
Pullman Std. Car Mfg.—					
250 Freight Cars.....	12- 1-48	Monthly	7,604.17	514,249.86	620,464.99
Total.....				\$ 2,475,035.05	\$ 4,136,784.11

Material and Supplies are stated on the basis of physical inventories taken as of September 30, 1942 for the Stores Departments, and October 31, 1942 for Line of Road, under the direction of officers for the Trustees and adjusted for transactions to December 31, 1942. The basis of valuation is cost.

CONTINGENT AND JOINT LIABILITIES

Description	Rate	Date of Maturity
St. Paul Union Depot Company First and Refunding Mortgage Bonds Series "B".....	3½%	10-1-71

Principal and interest on \$14,737,000 outstanding in the hands of the public is guaranteed jointly and severally by the Soo Line and seven other owner railroads. Interest has been paid by the St. Paul Union Depot Company as it matured.

Description	Rate	Serially to
St. Paul Union Depot Company Guaranteed Notes of 1941	1%	10-1-44

Principal and interest on \$600,000 outstanding in the hands of the Public is guaranteed jointly and severally by the Soo Line and seven other owner railroads. Principal and interest has been paid by the St. Paul Union Depot Company as it matured.

Description	Rate	Date of Maturity
Minneapolis, St. Paul & Sault Ste. Marie Railway Company Leased Line Certificates.....	4%	4-1-2008

There are outstanding Minneapolis, St. Paul & Sault Ste. Marie Railway Company (Soo Line) Leased Line Certificates for 103,315 shares of Wisconsin Central Railway Company Preferred Stock deposited by the owners with the Agents, Bank of Montreal, as Trustee. These Cer-

tificates were issued pursuant to a "Preferred Stock Exchange Agreement" dated April 1, 1909, which provides for the payment by the Soo Line of \$4.00 per share per annum, in semi-annual installments, until and including April 1, 2008; and that the Soo Line shall have the right to vote such stock and enjoy all the rights and benefits of a holder thereof, until the year 2008, so long as it made such semi-annual payments. The Certificates provide that, upon sixty days default in any such payments, the owners of these Certificates have the right to an immediate transfer to them of the Wisconsin Central Preferred Stock for which they were issued. The holders of Certificates for 9,249 shares of Preferred Stock have had the stock transferred to them and such Certificates are endorsed with the legend "Cancelled, but without prejudice to any right of action for the enforcement of the provisions hereof and of said agreement."

Pursuant to a ruling rendered in 1913 by the Chief Examiner of Accounts of the Interstate Commerce Commission, the Company has carried on its books as an asset the Wisconsin Central Preferred Stock deposited in exchange for the Certificates and as a liability the Leased Line Certificates issued in exchange for such stock. The Leased Line Certificates did not obligate the Soo Line to the payment of any principal amount, but merely to make the semi-annual payments of \$2.00 per share. The Soo Line contends that the intent of the Preferred Stock Exchange Agreement and the Leased Line Certificates was that the Company should make payments thereon only while holding the Wisconsin Central property under the lease of April 1, 1909; that inasmuch as this lease was terminated upon the Company's surrender of the Wisconsin Central properties to the Receiver of those properties appointed by the Federal Court on December 2, 1932, the Company was thus relieved from the obligation of making any subsequent payments on the Leased Line Certificates. No provision is made in the Plan of Reorganization approved by Division 4 of the Interstate Commerce Commission June 17, 1942 and by the Court, November 13, 1942, for claims arising from the issue of Leased Line Certificates, other than the return of Wisconsin Central Preferred Stock.

Wisconsin Central Railway Company:

First and Refunding Mortgage Bonds.....	4%	4-1-59
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Interest is guaranteed by the Soo Line on \$5,816,000 principal amount outstanding in the hands of the public. Interest was paid by the Soo Line pursuant to this guarantee from April 1, 1933, to October 1, 1937, inclusive. Interest accruing thereafter from October 1, 1937, to December 31, 1942, including unrepresented coupons amounts to \$1,242,280.00. Claims for interest were filed by certain holders of these bonds in the reorganization proceeding, but the court has classified the claims as

general unsecured claims not entitled to preference and no provision for payment of these claims is made in the Plan.

Description	Rate	Date of Maturity
Wisconsin Central Railway Company:		
First and Refunding Mortgage Bonds.....	5%	4-1-59

Interest is joint and several liability of the Wisconsin Central and Soo Line on \$10,051,000 principal amount issued. Of this amount \$10,000,000 principal amount is owned by the Soo Line and deposited as collateral under its First Refunding Mortgage. The balance (\$51,000.00 principal amount) is held in the Wisconsin Central treasury.

Claim of Wisconsin Central Railway Company.

As indicated in previous annual reports, a claim arising out of the operation of the Wisconsin Central property under the lease of April 1, 1909, was filed in the reorganization proceedings by the Receiver of that property. The claim consisted of several items aggregating \$16,307,581.24, plus interest. This claim has, after litigation, been classified by the Court as a general unsecured claim, and, as previously stated, the Plan of Reorganization makes no provision for such claims.

Central Terminal Railway Company:

First Mortgage Bonds.....	4%	11-1-53
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The Soo Line and the Central Terminal Railway Company were joint and several makers of these bonds, of which there are now \$933,000 principal amount outstanding in the hands of the public. While originally due November 1, 1941, the maturity date has been extended to November 1, 1953, by agreement between the Central Terminal Railway and the bondholders. The Soo Line was not a party to the Extension Agreement and its Plan of Reorganization provides that this obligation shall not be assumed by the reorganized company. Interest and sinking fund requirements have been paid as they matured by the Central Terminal Railway Company.

Claims Filed in Reorganization Proceedings.

A contingent liability exists in respect to numerous claims, which have been filed in the reorganization proceedings. Such claims, with a few minor exceptions, have been classified as general unsecured claims for which the Plan makes no provision.

INVESTMENTS IN AND ADVANCES TO AFFILIATES

DESCRIPTION	STOCKS		BONDS AND NOTES		Advances Book Value	Total Book Value
	Par Value	Book Value	Par Value	Book Value		
WISCONSIN CENTRAL RAILWAY COMPANY						
Common Stock.....	\$ 5,642,000.00	\$ 2,439,641.34				\$ 2,439,641.34
(Deposited as collateral security for M. St. P. & S. S. M. Ry. Co.'s 25 Year 5½% Gold Notes)						
Common Stock—Held by Company.....	10,358,500.00	4,629,541.13				4,629,541.13
First & Refunding Mortgage 5% Bonds.....			\$ 10,000,000.00	\$ 8,000,000.00		8,000,000.00
(Deposited as collateral security for M. St. P. & S. S. M. Ry. Co.'s First Refunding Mortgage)						
Advances Prior to Receivership.....					\$ 7,078,423.39	\$ 7,078,423.39
(Includes \$492,570.87 for W. C. Ry. Co. proportion of loans from Railroad Credit Corporation)						
Total—Wisconsin Central Railway Company.....	\$ 16,000,500.00	\$ 7,069,182.47	\$ 10,000,000.00	\$ 8,000,000.00	\$ 7,078,423.39	\$ 22,147,605.86
OTHER RAILROAD COMPANIES						
Central Terminal Railway Company.....	\$ 2,000,000.00	\$** 2,000,000.00			\$ 352,508.00	\$ 2,352,508.00
Belt Railway Company of Chicago.....	240,000.00	** 240,000.00				240,000.00
Minnesota Transfer Railway Company.....	91,300.00	91,300.00			20,901.67	112,201.67
Saint Paul Union Depot Company.....	103,600.00	103,600.00				103,600.00
Sainte Marie Union Depot Company.....	37,500.00	** 37,500.00			28,452.30	65,952.30
Total—Other Railroad Companies.....	\$ 2,472,400.00	\$ 2,472,400.00			\$ 401,861.97	\$ 2,874,261.97
MISCELLANEOUS COMPANIES						
Western Express Company.....	\$ 50,000.00	\$** 50,000.00			\$ 433,629.75	\$ 50,000.00
Tri-State Land Company.....	2,500,000.00	** 2,500,000.00			257.22	2,933,629.75
Sault Ste. Marie Bridge Company.....	250,000.00	** 500.00			116,636.40	757.22
Railway Express Agency, Inc.....	No Par	600.00			9,222.65	117,236.40
Provident Properties Company.....	10,000.00	* 500,500.00	\$ 12,771.41	\$* 12,771.41	34,089.05	522,494.06
The Railroad Credit Corporation.....						34,089.05
Total—Miscellaneous Companies.....	\$ 2,810,000.00	\$ 3,051,500.00	\$ 12,771.41	\$ 12,771.41	\$ 593,835.07	\$ 3,658,206.48

OTHER INVESTMENTS

DESCRIPTION	STOCKS		BONDS AND NOTES		Miscellaneous Book Value	Total Book Value
	Par Value	Book Value	Par Value	Book Value		
Clarkson Coal Mining Company Note.....						
Miscellaneous.....			\$ 182,014.56	\$ 606.00	\$ 8,901.35	\$ 606.00
Total—Other Investments.....			\$ 182,014.56	\$ 606.00	\$ 8,901.35	\$ 9,507.35

*Deposited as collateral security for Notes issued to R. F. C. \$6,162,245.50 principal outstanding.

**Deposited as collateral security for Notes issued to R. R. C. \$527,007.35 principal outstanding.

BONDS, NOTES, ETC., AND INTEREST THEREON

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL			Interest (See Note 1)	Total
			Outstanding	Held by Company	In Hands of Public		
First Consolidated Mortgage (See Notes 1 & 2).....	4%	7-1-38	\$56,863,000.00	.....	\$56,863,000.00	\$412,523,850.00	\$69,386,850.00
First Consolidated Mortgage (See Notes 1 & 2).....	5%	7-1-38	8,136,000.00	.....	8,136,000.00	* 2,240,950.00	10,376,950.00
First Consolidated Mortgage (See Notes 1 & 2).....	5%	7-1-38	6,148,000.00	.....	6,148,000.00	1,692,150.00	7,840,150.00
Total.....			\$71,147,000.00	.....	\$71,147,000.00	\$6,456,950.00	\$77,603,950.00
Second Mortgage (See Note 2).....	4%	1-1-49	\$3,500,000.00	.....	\$3,500,000.00	\$** 773,760.00	\$4,273,760.00
First Refunding Mortgage, Series "A".....	6%	7-1-46	\$2,124,000.00	.....	\$2,124,000.00	\$707,190.00	\$2,831,190.00
First Refunding Mortgage, Series "B" (See Notes 2 & 4).....	5½%	7-1-78	\$2,468,000.00	.....	\$2,468,000.00	**3,664,347.50	\$6,132,347.50
Total.....			\$26,730,000.00	\$12,500,000.00	\$14,230,000.00	\$4,371,537.50	\$30,601,537.50
Reconstruction Finance Corporation Note (See Notes 3 & 4).....	4%	2-27-37	\$1,162,245.50	.....	\$1,162,245.50	242,535.35	\$1,404,780.85
Reconstruction Finance Corporation Note (See Notes 3 & 4).....	4%	2-1-38	5,000,000.00	.....	5,000,000.00	1,056,575.83	6,056,575.83
Total.....			\$6,162,245.50	.....	\$6,162,245.50	\$1,299,111.18	\$7,461,356.68
Railroad Credit Corporation Note.....	4%	2-27-36	\$123,510.39	.....	\$123,510.39	\$75,96	\$199,470.39
Railroad Credit Corporation Note.....	4%	4-23-38	180,000.00	.....	180,000.00	256.44	\$180,256.44
Railroad Credit Corporation Note.....	4%	6-27-38	223,496.96	.....	223,496.96	318.40	\$223,815.36
Total.....			\$527,007.35	.....	\$527,007.35	\$750.80	\$527,758.15
Two Year Secured Notes (See Note 4).....	6%	2-1-38	\$5,000,000.00	.....	\$5,000,000.00	\$1,599,908.26	\$6,599,908.26
Twenty-five Year Secured Gold Notes.....	5½%	3-1-49	\$2,440,165.00	\$1,365.00	\$2,438,800.00	\$724,202.38	\$3,163,002.38
Interest guaranteed on W. C. Ry. Co. Bonds.....	4%	4-1-59	.....	.....	.....	\$1,242,280.00	\$1,242,280.00
Canadian Pacific Ry. Co. Advances.....	4½, 5 & 6%	None	\$25,044,406.09	.....	\$25,044,406.09	\$10,486,562.43	\$35,530,968.52
(Includes \$35,180,334.97 payable in Canadian Funds stated at par)			.....	.....	.....	.....	.....
Western Express Co. Advance.....	None	None	\$10,000.00	.....	\$10,000.00	.....	\$10,000.00
Total—Bonds, Notes, Etc. & Interest Thereon.....			\$140,560,823.94	\$12,501,365.00	\$128,059,458.94	\$36,955,062.55	\$165,014,521.49

EQUIPMENT OBLIGATIONS AND INTEREST

DESCRIPTION	Rate	Date of Maturity	PRINCIPAL			Interest	Total
			Outstanding	Held by Company	In Hands of Public		
EQUIPMENT CONTRACTS							
Electro-Motive Corp.....	2%	9-5-45	\$111,377.02	.....	\$111,377.02	\$183.63	\$111,560.65
Pullman, Incorporated.....	2½%	10-1-44	296,502.26	.....	296,502.26	2,744.46	299,246.72
Pullman Standard Car Manufacturing Co.....	2½%	1-10-48	435,985.23	.....	435,985.23	515.68	436,500.91
Pullman Standard Car Manufacturing Co.....	2%	6-1-48	938,542.86	.....	938,542.86	1,616.38	940,159.24
Pullman Standard Car Manufacturing Co.....	2%	12-1-47	173,027.29	.....	173,027.29	288.38	173,315.67
Pullman Standard Car Manufacturing Co.....	2%	12-1-48	513,394.20	.....	513,394.20	855.66	514,249.86
Total.....			\$2,468,828.86	.....	\$2,468,828.86	\$6,206.10	\$2,475,035.05

Note 1—While interest since maturity has been accrued on the bonds at the rate of 4% per annum on \$56,863,000 par value, and at the rate of 5% on the remaining \$14,284,000, the mortgage rate of 5% has been used in the treatment accorded all of these bonds in the Plan.

Note 2—Provision has been made by the Canadian Pacific Ry. Co. under its guaranty for interest up to July 1, 1938 included in the amounts indicated by an asterisk (*) and for interest up to January 1, 1943 included in the amounts indicated by a double asterisk (**).

Note 3—Although the Reconstruction Finance Corporation accepted 4% interest while it held these Notes, the contract rate of 5% has been used in treatment accorded the Notes in the Plan.

Note 4—Of the \$12,500,000 principal amount shown as "Held by Company", \$6,250,000 is deposited as collateral security for the Two Year Secured Notes, and \$6,250,000 is deposited as collateral security for the notes issued to the R. F. C. In the Plan the collateral has been substituted for the notes.

INCOME ACCOUNT, YEAR ENDED DECEMBER 31, 1942

	Trustees' Books	Corporate Books	Total
OPERATING INCOME			
Railway Operating Income			
Railway Operating Revenues.....	\$ 22,678,904.43	\$ 39,117.56	\$ 22,718,021.99
Railway Operating Expenses.....	17,076,716.94	179.12	17,076,896.06
Net Revenue from Railway Operations	\$ 5,602,187.49	\$ 38,938.44	\$ 5,641,125.93
Railway Tax Accruals*.....	1,566,092.21	3,419.92	1,569,512.13
Railway Operating Income.....	\$ 4,036,095.28	\$ 35,518.52	\$ 4,071,613.80
Rent Income			
Hire of Freight Cars—Credit Balance...	\$ 102,547.57		\$ 102,547.57
Rent from Locomotives.....	983.17		983.17
Rent from Passenger-Train Cars.....	65,737.31		65,737.31
Rent from Work Equipment.....	3,565.76		3,565.76
Joint Facility Rent Income.....	227,740.48		227,740.48
Total Rent Income.....	\$ 400,574.29		\$ 400,574.29
Rents Payable			
Rent for Locomotives.....	\$ 16,148.29		\$ 16,148.29
Rent for Passenger-Train Cars.....	57,365.93		57,365.93
Rent for Work Equipment.....	255.76		255.76
Joint Facility Rents.....	413,984.27	\$Cr. .33	413,983.94
Total Rents Payable.....	\$ 487,754.25	\$Cr. .33	\$ 487,753.92
Net Rents Payable.....	\$ 87,179.96	\$Cr. .33	\$ 87,179.63
Net Railway Operating Income.....	\$ 3,948,915.32	\$ 35,518.85	\$ 3,984,434.17
OTHER INCOME			
Income from Lease of Road & Equipmt...	\$ 41.20		\$ 41.20
Miscellaneous Rent Income.....	51,719.63	\$Dr. 196.87	51,522.76
Miscellaneous Non-operating Physical Property.....	6,876.84		6,876.84
Dividend Income.....	47,344.00		47,344.00
Income from Funded Securities.....	5,998.45		5,998.45
Income from Unfunded Securities & Accts.	18.85		18.85
Income from W. C. Ry. Equipmt. Notes (Deposited with Mortgage Trustees)	41,562.50		41,562.50
Miscellaneous Income.....	1,152.69		1,152.69
Total Other Income.....	\$ 154,714.16	\$Dr. 196.87	\$ 154,517.29
Total Income.....	\$ 4,103,629.48	\$ 35,321.98	\$ 4,138,951.46
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Taxes.....	\$ 441.47		\$ 441.47
Miscellaneous Tax Accruals.....	2,420.67		2,420.67
Miscellaneous Income Charges.....	164,900.85		164,900.85
Total Miscellaneous Deductions.....	\$ 167,762.99		\$ 167,762.99
Income before Fixed Charges.....	\$ 3,935,866.49	\$ 35,321.98	\$ 3,971,188.47
FIXED CHARGES (being paid by Trustees)			
Rent for Leased Roads & Equipmt.....	\$ 1,439.90		\$ 1,439.90
Interest on Equipment Obligations.....	58,316.36		58,316.36
Interest on Miscellaneous Accounts.....	306.03	\$ 9.66	315.69
Total.....	\$ 60,062.29	\$ 9.66	\$ 60,071.95
Balance.....	\$ 3,875,804.20	\$ 35,312.32	\$ 3,911,116.52
OTHER FIXED CHARGES			
Interest on Mortgage Bonds Unmatured		\$ 1,067,404.00	\$ 1,067,404.00
Interest on Bonds & Unf. Debt Matured		3,557,420.33	3,557,420.33
Interest on Non-negotiable Debt.....		1,274,525.00	1,274,525.00
Installments on Leased Line Certificates		412,722.20	** 412,722.20
Guaranteed Interest on W. C. Ry. Co. Bonds.....		232,640.00	232,640.00
Total.....		\$ 6,544,711.53	\$ 6,544,711.53
Net Income or Deficit Transferred to P. & L.....	\$Cr. 3,875,804.20	\$Dr. 6,509,399.21	\$Dr. 2,633,595.01

*Note—The income tax returns filed by the company are based on the assumption that a deduction for interest accrued on the outstanding bonds is proper until the plan is consummated, and therefore, no provision has been made for income taxes.

**Liability for these payments is denied.

32 MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILWAY COMPANY

PROFIT AND LOSS ACCOUNT TO DECEMBER 31, 1942

	Trustees' Books	Corporate Books	Total
Deficit December 31, 1941 per Books.....	\$Cr. 4,756,047.52	\$Dr. 55,008,774.71	\$Dr. 50,252,727.19
Net Income or Deficit for year ended December 31, 1942.....	\$Cr. 3,875,804.20	\$Dr. 6,509,399.21	\$Dr. 2,633,595.01
Profit and Loss additions for the year 1942:			
Credits from Retired Road & Equipment.....	\$ 188.23	\$Dr. 550.67	\$Dr. 362.44
Donations.....	2,412.78	Dr. 12.11	2,400.67
Miscellaneous Credits.....	3,138.29	222.75	3,361.04
Total Additions.....	\$ 5,739.30	\$Dr. 340.03	\$ 5,399.27
Profit and Loss deductions for the year, 1942:			
Surplus Appropriated for Investment in Physical Property.....	\$ 2,412.78	\$Cr. 12.11	\$ 2,400.67
Debits from Retired Road & Equipment.....	13,840.48	4,733.54	18,574.02
Miscellaneous Debits.....	1,919.44	440.99	2,360.43
Total Deductions.....	\$ 18,172.70	\$ 5,162.42	\$ 23,335.12
Net Profit and Loss Deductions.....	\$Dr. 12,433.40	\$Dr. 5,502.45	\$Dr. 17,935.85
Net Profit or Loss for year 1942.....	\$Cr. 3,863,370.80	\$Dr. 6,514,901.66	\$Dr. 2,651,530.86
Balance December 31, 1942.....	\$Cr. 8,619,418.32	\$Dr. 61,523,676.37	\$Dr. 52,904,258.05
Additions to Property through Income and Surplus during 1942.....	Cr. 1,529.98	Dr. 12.11	Cr. 1,517.87
Surplus or Deficit December 31, 1942, per Books.....	\$Cr. 8,620,948.30	\$Dr. 61,523,688.48	\$Dr. 52,902,740.18
Excluded from Accompanying Balance Sheet:			
Canadian Exchange on Canadian Pacific Railway Co. Advances.....		Dr. 709,230.65	Dr. 709,230.65
Accruals for semi-annual installments on Leased Line Certificates.....		Cr. 4,515,302.33	Cr. 4,515,302.33
Surplus or Deficit December 31, 1942, per Balance Sheet.....	\$Cr. 8,620,948.30	\$Dr. 57,717,616.80	\$Dr. 49,096,668.50

OPERATING REVENUE
YEAR ENDED DECEMBER 31, 1942

Revenue from Transportation

Freight Revenue.....	\$20,177,263.91
Passenger Revenue.....	1,031,452.34
Excess Baggage Revenue.....	1,640.37
Sleeping Car Revenue.....	46,998.64
Parlor and Chair Car Revenue.....	102.21
Mail Revenue.....	617,894.70
Express Revenue.....	222,973.35
Other Passenger Train Revenue.....	8,611.75
Milk Revenue on Passenger Trains.....	111,173.08
Switching Revenue.....	86,384.89
Total Revenue from Transportation.....	\$22,304,495.24

Incidental Operating Revenue

Dining and Buffet Car Service.....	\$ 51,677.40
Station, Train and Boat Privileges.....	1,663.55
Parcel Room Receipts.....	24.99
Storage, Freight.....	2,857.81
Storage, Baggage.....	50.66
Demurrage.....	30,795.49
Telegraph and Telephone Service.....	38,920.98
Rents of Buildings and Other Property.....	18,151.42
Miscellaneous.....	156,768.37
Total Incidental Operating Revenue.....	300,910.67
Joint Facilities Revenue Net Credit.....	112,616.08
Total Operating Revenue.....	\$22,718,021.99

Detailed Statement of Earnings and Expenses

EARNINGS	1942	1941
Freight.....	\$ 20,177,263.91	\$ 17,663,263.42
Passenger.....	1,031,452.34	657,089.57
Mail.....	617,894.70	625,416.44
Express.....	222,973.35	137,930.91
Miscellaneous.....	254,910.94	247,119.84
Incidental.....	413,526.75	401,090.95
Total Operating Revenue.....	\$ 22,718,021.99	\$ 19,731,911.13

OPERATING EXPENSES

Maintenance of Way and Structures:		
Superintendence.....	\$ 179,172.63	\$ 174,123.04
Roadway Maintenance.....	448,232.91	337,842.35
Tunnels and Subways.....	325.61	483.06
Bridges, Trestles and Culverts.....	205,160.21	130,868.10
Ties.....	428,453.99	438,933.10
Rails.....	169,899.51	164,657.03
Other Track Material.....	116,701.08	236,475.00
Ballast.....	106,030.22	91,199.72
Track Laying and Surfacing.....	1,184,849.18	910,552.54
Fences, Snowsheds and Signs.....	49,871.29	56,381.50
Station and Office Buildings.....	143,512.67	163,741.36
Roadway Buildings.....	4,860.39	4,201.25
Water Stations.....	90,088.23	58,044.88
Fuel Stations.....	18,852.08	15,846.56
Shops and Enginehouses.....	75,329.72	250,044.69
Wharves and Docks.....	.....	10.22
Telegraph and Telephone Lines.....	84,168.78	56,544.48
Signals and Interlockers.....	30,932.93	28,649.14
Power Plants.....	2,678.63	5,321.60
Power Transmission Systems.....	305.10	486.85
Miscellaneous Structures.....	Cr. 196.69	216.57
Roadway Machines.....	65,015.06	75,663.35
Small Tools and Supplies.....	42,364.10	41,582.43
Removing Snow, Ice and Sand.....	61,987.74	104,066.18
Public Improvements, Maintenance.....	29,812.76	28,916.99
Injuries to Persons.....	20,392.39	22,710.56
Insurance.....	5,526.59	5,085.57
Stationery and Printing.....	2,349.74	2,862.58
Other Expenses.....	18,880.96	1,321.35
Maintaining Jt. Tracks, Yards and other Facilities—Dr.	124,439.81	84,392.60
Maintaining Jt. Tracks, Yards and other Facilities—Cr.	11,290.38	11,591.46
Right of Way Expenses.....	1,592.93	1,607.13
Total.....	\$ 3,700,300.17	\$ 3,481,240.32
Maintenance of Equipment:		
Superintendence.....	\$ 73,282.01	\$ 67,512.46
Shop Machinery.....	55,032.08	59,080.22
Power Plant Machinery.....	2,211.87	29,346.77
Steam Locomotives—Repairs.....	1,166,318.66	947,653.42
Other Locomotives—Repairs.....	13,032.28	11,985.24
Freight Train Cars—Repairs.....	950,422.79	821,713.01
Passenger Train Cars—Repairs.....	316,354.82	291,455.54
Work Equipment—Repairs.....	52,167.79	55,276.22
Miscellaneous Equipment—Repairs.....	4,195.05	2,458.26
Equipment—Retirements.....	671.20	872.28
Equipment—Depreciation.....	772,139.41	736,054.16
Equip. Amortization in Excess of Normal Depreciation	545,696.02	396,820.91
Injuries to Persons.....	18,254.63	10,515.84
Insurance.....	6,417.82	6,367.73
Stationery and Printing.....	2,228.89	3,141.26
Other Expenses.....	Cr. 2,494.12	6,646.73
Maintaining Joint Equipment—Dr.	26,003.77	25,911.12
Maintaining Joint Equipment—Cr.	2,133.19	2,056.91
Total.....	\$ 3,999,801.78	\$ 3,470,755.26

The above figures include retirement losses from abandonments, not provided for by depreciation reserves, as follows:

	1942	1941
Maintenance of Way and Structures.....	\$ 114,332.69	\$ 172,585.57
Maintenance of Equipment.....	.....	27,829.39
Total.....	\$ 114,332.69	\$ 200,414.96

Detailed Statement of Earnings and Expenses—Continued

	1942	1941
Traffic Expenses:		
Superintendence.....	\$ 146,063.21	\$ 132,689.80
Outside Agencies.....	235,036.74	229,550.95
Advertising.....	25,836.02	19,541.12
Traffic Associations.....	11,732.06	9,031.93
Industrial and Immigration Bureaus.....	8,113.33	6,093.82
Insurance.....	207.00	212.06
Stationery and Printing.....	29,799.74	31,586.42
Other Expenses.....	.....	118.44
Total.....	\$ 456,788.10	\$ 428,824.54
Transportation Expenses:		
Superintendence.....	\$ 195,810.92	\$ 171,606.89
Dispatching Trains.....	107,356.28	104,818.79
Station Employees.....	1,226,697.24	1,104,785.61
Weighing, Insp., and Demurrage Bureaus.....	17,667.86	16,056.76
Coal and Ore Wharves.....	Cr. 3.00	3.00
Station Supplies and Expenses.....	78,461.90	79,370.74
Yard Masters and Yard Clerks.....	161,260.06	143,105.81
Yard Conductors and Brakemen.....	394,351.59	377,584.46
Yard Switch and Signal Tenders.....	18,722.85	17,111.51
Yard Enginemen.....	225,422.52	218,064.94
Yard Motormen.....	34,226.76	32,505.37
Yard Switching Fuel.....	155,171.93	151,994.93
Water for Yard Locomotives.....	6,838.46	6,375.00
Lubricants for Yard Locomotives.....	5,238.46	4,552.93
Other Supplies for Yard Locomotives.....	2,652.34	2,257.40
Enginehouse Expenses—Yard.....	78,501.61	69,649.80
Yard Supplies and Expenses.....	5,625.36	6,081.73
Operating Joint Yards and Terminals—Dr.....	363,430.61	354,183.50
Operating Joint Yards and Terminals—Cr.....	46,168.57	26,557.74
Train Enginemen.....	1,041,570.48	954,755.14
Train Fuel.....	1,500,372.34	1,330,144.59
Water for Train Locomotives.....	56,871.42	50,574.23
Lubricants for Train Locomotives.....	36,893.41	31,054.35
Other Supplies for Train Locomotives.....	18,646.51	15,411.94
Enginehouse Expenses—Train.....	199,001.08	169,587.28
Trainmen.....	1,394,179.27	1,253,506.69
Train Supplies and Expenses.....	447,582.91	378,791.72
Operating Sleeping Cars.....	31,395.84	23,870.94
Signal and Interlocker Operation.....	54,921.90	47,051.49
Crossing Protection.....	28,806.80	23,909.14
Telegraph and Telephone Operation.....	34,538.03	23,341.40
Stationery and Printing.....	28,262.74	28,285.07
Other Expenses.....	20,413.12	6,717.20
Operating Joint Tracks and Facilities—Dr.....	85,452.78	76,114.21
Operating Joint Tracks and Facilities—Cr.....	18,248.01	15,169.75
Insurance.....	5,096.06	4,764.77
Clearing Wrecks.....	29,231.37	31,541.72
Damage to Property.....	7,725.66	4,210.42
Damage to Live Stock on Right of Way.....	15,657.15	12,689.05
Loss and Damage—Freight.....	40,668.39	44,599.70
Loss and Damage—Baggage.....	62.34	74.14
Injuries to Persons.....	88,512.37	103,382.35
Total.....	\$ 8,179,482.14	\$ 7,432,759.22
Miscellaneous Operations:		
Dining and Buffet Service.....	\$ 79,584.16	\$ 75,636.01
General Expenses:		
Salaries and Expenses of General Officers.....	\$ 103,485.90	\$ 105,281.77
Salaries and Expenses of Clerks and Attendants.....	391,821.38	354,372.55
General Office Supplies and Expenses.....	30,899.34	30,379.74
Law Expenses.....	65,316.42	69,217.72
Insurance.....	1,474.44	1,463.41
Pensions.....	11,037.65	11,429.29
Stationery and Printing.....	18,869.57	26,158.36
Valuation Expenses.....	1,436.12	777.05
Other Expenses.....	34,066.85	39,860.95
General Joint Facilities—Dr.....	5,317.48	5,010.30
General Joint Facilities—Cr.....	2,785.44	1,641.92
Total.....	\$ 660,939.71	\$ 642,309.22
Transportation for Investment—Cr.....	*	\$ 31,493.19
Total Operating Expenses.....	\$ 17,076,896.06	\$ 15,500,031.38
Net Operating Revenue.....	\$ 5,641,125.93	\$ 4,231,879.75
Percentage of Expenses to Revenue.....	75.17	78.55

*Effective January 1, 1942, under the Interstate Commerce Commission Accounting Rules, charges representing company costs for the transportation of men and materials in connection with addition and betterment accounting were discontinued.

FREIGHT TRAFFIC MOVEMENT (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1942		Year Ended Dec. 31, 1941	
	Tons	Per Cent	Tons	Per Cent
Products of Agriculture				
Wheat.....	842,372	8.72	842,847	10.24
Corn.....	49,554	.51	70,608	.86
Oats.....	127,288	1.32	80,355	.98
Barley and rye.....	272,706	2.82	254,730	3.10
Rice.....	471	.....	997	.01
Grain, N. O. S.....	1,354	.01	750	.01
Flour, wheat.....	49,907	.52	28,336	.34
Meal, corn.....	713	.01	918	.01
Flour and meal, edible N. O. S.....	610	.01	810	.01
Cereal food preparations, edible, N. O. S.....	1,866	.02	1,929	.02
Mill products, N. O. S.....	73,668	.76	70,104	.85
Hay and alfalfa.....	11,922	.12	16,892	.21
Straw.....	2,998	.03	1,105	.01
Tobacco, leaf.....	.....	.....	171	.....
Cotton in bales.....	88	.....	325	.01
Cotton linters, noils and regins.....	1,857	.02	1,238	.02
Cottonseed.....	12	.....	162	.....
Cottonseed, meal and cake.....	113	.....	20	.....
Oranges and grape fruit.....	7,945	.08	6,115	.07
Lemons, limes and citrus fruits, N. O. S.....	528	.....	589	.01
Apples, fresh.....	11,438	.12	7,973	.10
Bananas.....	1,979	.02	2,492	.03
Berries, fresh.....	135	.....	86	.....
Cantaloupes and melons, N. O. S.....	84	.....	44	.....
Grapes, fresh.....	718	.01	462	.01
Peaches, fresh.....	919	.01	504	.01
Watermelons.....	438	.....	534	.01
Fruits, fresh, domestic, N. O. S.....	1,757	.02	864	.01
Fruits, fresh, tropical, N. O. S.....	.....	.....	24	.....
Potatoes, other than sweet.....	37,601	.39	36,826	.45
Cabbage.....	1,835	.02	1,173	.01
Onions.....	785	.01	195	.....
Tomatoes.....	1,451	.02	745	.01
Vegetables, fresh, N. O. S.....	2,687	.03	1,052	.01
Beans, and peas, dried.....	1,873	.02	2,479	.03
Fruits, dried or evaporated.....	621	.01	466	.01
Vegetables, dry, N. O. S.....	427	.....	231	.....
Vegetable-oil cake and meal except cottonseed.....	9,779	.10	8,516	.10
Peanuts.....	166	.....	124	.....
Flaxseed.....	106,037	1.10	74,833	.91
Sugar beets.....	36,333	.38	29,924	.36
Products of agriculture, N. O. S.....	19,724	.20	19,043	.23
Total.....	1,682,759	17.41	1,567,591	19.05
Animals and Products				
Horses, mules, ponies and asses.....	1,318	.01	834	.01
Cattle and calves, single-deck.....	54,631	.57	51,270	.62
Calves, double-deck.....	.....	.....	77	.....
Sheep and goats, single-deck.....	1,968	.02	1,057	.01
Sheep and goats, double-deck.....	1,376	.01	1,041	.01
Hogs, single-deck.....	8,162	.08	4,677	.06
Hogs, double-deck.....	948	.01	386	.01
Fresh meats, N. O. S.....	6,859	.07	8,946	.11
Meats, cured, dried or smoked.....	2,649	.03	145	.....
Butterine and Margarine.....	.....	.....	66	.....
Packing-house products, edible, N. O. S. not including canned meats.....	1,224	.01	1,114	.02
Poultry, live.....	56	.....	55	.....
Poultry, dressed.....	5,519	.06	5,145	.06
Eggs.....	2,009	.02	1,810	.02
Butter.....	22,663	.23	25,603	.31
Cheese.....	5,363	.06	3,382	.04
Wool.....	3,846	.04	3,116	.04
Hides, green.....	12,248	.13	14,609	.18
Leather.....	730	.01	470	.01
Fish or sea animal oil.....	2,118	.02	165	.....
Animals, live, N. O. S.....	103	.....	.....	.....
Animal products, N. O. S. (other than fertilizers and fertilizer materials).....	20,879	.22	21,463	.26
Total.....	154,669	1.60	145,431	1.77

FREIGHT TRAFFIC MOVEMENT—Continued (Company's Material Excluded)

COMMODITY	Year Ended Dec. 31, 1942		Year Ended Dec. 31, 1941	
	Tons	Per Cent	Tons	Per Cent
Products of Mines				
Anthracite coal.....	22,260	.23	25,173	.30
Bituminous coal.....	627,341	6.49	553,092	6.72
Lignite.....	650,207	6.73	608,729	7.40
Coke.....	63,857	.66	40,524	.49
Iron ore.....	1,930,203	19.97	1,502,778	18.26
Ores and concentrates, N. O. S.....	598	.01	585	.01
Gravel and sand (other than glass or moulding).....	9,173	.09	8,360	.10
Stone, broken, ground or crushed.....	180,200	1.86	95,873	1.17
Stone, rough, N. O. S.....	205,349	2.13	8,669	.11
Stone, finished, N. O. S.....	563	.01	676	.01
Petroleum crude.....	10,998	.11	11,366	.14
Asphalt (natural, by-product, or petroleum).....	16,783	.17	40,677	.49
Salt.....	18,193	.19	19,864	.24
Phosphate rock, crude (ground or not ground).....	229	.....	602	.01
Sulphur (brimstone).....	23,926	.25	10,331	.13
Products of mines, N. O. S.....	140,340	1.45	118,425	1.44
Other.....	11,115	.12	235	.....
Total.....	3,911,335	40.47	3,045,959	37.02
Products of Forests				
Logs.....	131,319	1.36	81,087	.99
Posts, poles and piling.....	86,316	.89	85,887	1.05
Wood (fuel).....	27,377	.28	34,484	.42
Ties, railroad.....	7,286	.08	7,470	.09
Pulpwood.....	624,133	6.46	403,721	4.91
Lumber, shingles and lath.....	808,288	8.36	728,983	8.86
Box, crate and cooperage materials.....	24,148	.25	19,207	.23
Veneer and built-up wood.....	5,077	.05	4,321	.05
Rosin.....	1,311	.01	780	.01
Turpentine.....	435	.01	236	.....
Products of forests, N. O. S.....	69,953	.73	80,663	.98
Other.....	330	.....	2,538	.03
Total.....	1,785,973	18.48	1,449,377	17.62
Manufactures and Miscel.				
Petroleum oils, refined and all other gaso- lines.....	336,805	3.49	431,355	5.24
Fuel, road and petroleum residual oils, N. O. S.....	77,951	.81	86,626	1.05
Lubricating oils and greases.....	12,141	.13	13,675	.17
Petroleum products, N. O. S.....	320	.....	295	.01
Cottonseed oil.....	213	.....	241	.....
Linseed oil.....	85	.....	109	.....
Vegetable oils, N. O. S.....	237	.....	206	.....
Sugar (beet or cane).....	9,193	.09	13,580	.17
Table syrups and edible molasses.....	1,497	.02	535	.01
Molasses, blackstrap and beet residual....	3,032	.03	5,161	.06
Iron, pig.....	36,221	.38	33,961	.41
Iron and steel, rated 6th class in official classification, N. O. S.....	2,703	.03	536	.01
Rails, fastenings, frogs and switches.....	523	.01	2,887	.04
Cast-iron pipe and fittings.....	671	.01	951	.01
Iron and steel pipe and fittings, N. O. S....	17,069	.18	11,274	.14
Iron and steel; nails and wire, not woven....	4,340	.04	4,881	.06
Iron and steel, rated 5th class in official classification, N. O. S. (also tin and terne plate).....	97,621	1.01	46,728	.57
Machinery and boilers.....	11,871	.12	11,992	.15
Cement, natural or Portland, building....	92,911	.96	74,690	.91

FREIGHT TRAFFIC MOVEMENT—Concluded **(Company's Material Excluded)**

COMMODITY	Year Ended Dec. 31, 1942		Year Ended Dec. 31, 1941	
	Tons	Per Cent	Tons	Per Cent
Manufactures and Miscel.—Cont.				
Brick, common.....	1,865	.02	3,310	.04
Brick, N. O. S. and building tile.....	23,302	.24	21,692	.26
Artificial stone, N. O. S.....	2,171	.02	1,249	.02
Lime, common (quick or slack).....	15,612	.16	16,815	.21
Plaster (stucco or wall) and dry kalsomine.....	2,566	.03	2,586	.03
Sewer pipe and drain tile (not metal).....	3,026	.03	4,075	.05
Agricultural implements and parts, N. O. S.....	12,284	.13	18,507	.23
Vehicles, horse drawn and parts, N. O. S.....	124	.....	90	.....
Tractors and parts.....	15,774	.16	23,292	.28
Railway car wheels, axles and trucks.....	3,458	.04	2,030	.03
Automobiles (Passenger).....	484	.....	6,001	.07
Auto trucks.....	3,847	.04	156	.....
Automobiles and auto trucks K. D., and parts, N. O. S.....	186	.....	1,984	.03
Automobile and auto truck tires.....	107	.....	41	.....
Furniture, metal.....	360	.....	174	.....
Furniture, other than metal.....	1,263	.01	1,058	.01
Beverages.....	14,841	.15	13,323	.16
Ice.....	10,869	.11	1,045	.01
Fertilizers, N. O. S.....	57,229	.59	51,351	.62
Newsprint paper.....	214,260	2.22	229,726	2.79
Printing paper, N. O. S.....	10,508	.11	6,371	.08
Cotton cloth and cotton fabrics, N. O. S.....	1,112	.01	1,212	.01
Bagging and bags, burlap, gunny or jute.....	1,534	.02	1,163	.01
Canned food products, N. O. S.....	81,691	.85	62,473	.76
Tobacco, manufactured products.....	450	.....	6	.....
Paints in oils and varnishes.....	407	.....	566	.01
Furnace slag.....	88	.....	54	.....
Scrap iron and scrap steel.....	121,925	1.26	94,682	1.15
Paper bags and wrapping paper.....	34,778	.36	33,865	.41
Paper board, pulpboard, and wallboard (paper).....	4,718	.05	4,277	.05
Building paper and prepared roofing materials.....	13,197	.14	13,399	.16
Building woodwork (millwork).....	4,884	.05	4,989	.06
Soap and washing compounds.....	2,932	.03	3,600	.04
Glass, flat other than plate.....	1,505	.02	1,055	.01
Glass, bottles, jars, and jelly glasses.....	3,267	.03	4,343	.05
Manufactures and miscellaneous, N. O. S.....	583,633	6.04	448,754	5.46
Other.....	83,033	.86	92,153	1.12
Total.....	2,038,694	21.09	1,911,150	23.23
Grand Total, C. L. Traffic.....	9,573,430	99.05	8,119,508	98.69
All L. C. L. Freight.....	91,667	.95	107,964	1.31
Grand Total Carload and L. C. L. Traffic.....	9,665,097	100.00	8,227,472	100.00

Note—N. O. S.—Not Otherwise Specified.
K. D.—Knocked down.

**Traffic and Mileage Statistics, per Interstate Commerce
Commission Classification**

	Year Ended Dec. 31, 1942	Year Ended Dec. 31, 1941
	Passengers, Tonnage, Rates and Revenues	Passengers, Tonnage, Rates and Revenues
Passenger Traffic		
Number of Passengers Carried		
Earning Revenue.....	332,629	228,545
Number of Passengers Carried One Mile.....	56,772,278	41,574,011
Number of Passengers Carried One Mile per Mile of Road..	17,635	12,896
Average Distance Carried, Miles	170 68	181 91
Total Passenger Revenue.....	\$1,031,452 34	\$657,089 57
Average Amount Received from Each Passenger.....	\$3 1009	\$2 8751
Average Receipts per Passenger per Mile.....	\$ 01817	\$ 01581
Total Passenger Service Train Revenue.....	\$2,040,846 44	\$1,579,411 29
Passenger Service Train Revenue per Mile of Road.....	\$633 96	\$489 93
Passenger Service Train Revenue per Train Mile.....	\$1 05256	\$ 81792
Freight Traffic		
Number of Tons Carried of Freight Earning Revenue....	9,665,097	8,227,472
Number of Tons Carried One Mile	2,133,486,953	1,885,544,144
Number of Tons Carried One Mile per Mile of Road.....	662,736	584,890
Average Distance Haul of One Ton, Miles.....	220 74	229 18
Total Freight Revenue.....	\$20,177,263 91	\$17,663,263 42
Average Amount Received for Each Ton of Freight.....	\$2 08764	\$2 14686
Average Receipts per Ton per Mile.....	\$ 00946	\$ 00937
Freight Revenue per Mile of Road	\$6,267 77	\$5,479 09
Freight Revenue per Train Mile	\$6 37155	\$5 63892
Total Traffic		
Operating Revenue.....	\$22,718,021 99	\$19,731,911 13
Operating Revenue per Mile of Road.....	\$7,057 02	\$6,120 77
Operating Revenue per Train Mile.....	\$4 44954	\$3 89696
Operating Expenses.....	\$17,076,896 06	\$15,500,031 38
Operating Expenses per Mile of Road.....	\$5,304 69	\$4,808 06
Operating Expenses per Train Mile.....	\$3 34467	\$3 06119
Net Operating Revenue.....	\$5,641,125 93	\$4,231,879 75
Net Operating Revenue per Mile of Road.....	\$1,752 33	\$1,312 71

Traffic and Mileage Statistics—Continued

CLASSIFICATION	Year Ended Dec. 31, 1942	Year Ended Dec. 31, 1941
Locomotive Mileage, Revenue Service:		
Freight Locomotive-Miles.....	3,190,768	3,155,792
Passenger Locomotive-Miles.....	1,960,712	1,960,310
Switching Locomotive-Miles.....	847,596	865,000
Total Revenue Locomotive Mileage...	5,999,076	5,981,102
Non-revenue Service Locomotive-Miles....	123,411	148,254
Car Mileage, Revenue Service:		
Freight Car-Miles:		
Loaded.....	69,215,776	68,606,983
Empty.....	42,418,339	38,996,728
Caboose.....	2,472,680	2,432,634
Total Freight Car-Miles.....	114,106,795	110,036,345
Passenger Car-Miles:		
Passenger.....	3,779,647	3,537,305
Sleeping and Parlor.....	2,076,903	2,613,794
Other Passenger Train Cars.....	4,900,617	4,981,373
Total Passenger Car-Miles.....	10,757,167	11,132,472
Total Revenue Car Mileage.....	124,863,962	121,168,817
Non-revenue Service Car-Miles.....	1,038,884	1,111,906
Train Mileage, Revenue Service:		
Freight Train-Miles.....	3,166,774	3,132,386
Passenger Train-Miles.....	1,938,930	1,931,021
Total Revenue Train Mileage.....	5,105,704	5,063,407
Non-revenue Service Train-Miles.....	95,364	131,406
Average Number of Passengers per Car-Mile	9.69	6.76
Average Number of Passengers per Train-Mile.....	29.28	21.53
Average Number of Passenger Cars per Train-Mile.....	5.55	5.77
Average Number of Tons of Revenue Freight per Loaded Car-Mile.....	30.82	27.48
Average Number of Tons of Revenue Freight per Train-Mile.....	673.71	601.95
Average Number of Freight Cars per Train-Mile.....	36.03	35.13
Average Number of Loaded Cars per Train-Mile	21.86	21.90
Average Number of Empty Cars per Train-Mile	13.39	12.45
Average Mileage Operated During Year....	3,219.21	3,223.76

ADDITIONS AND BETTERMENTS TO ROAD

Year Ended December 31, 1942

	Amount
Engineering.....Cr.	\$ 9,282.34
Land for Transportation Purposes.....Cr.	6,994.33
Other Right-of-Way Expenditures.....	458.81
Grading.....Cr.	25,122.80
Bridges, Trestles and Culverts.....Cr.	19,377.97
Ties.....Cr.	10,165.98
Rails.....	9,881.16
Other Track Material.....	85,712.33
Ballast.....	8,941.31
Track Laying and Surfacing.....Cr.	2,529.42
Fences, Snowsheds and Signs.....	6,470.27
Crossings and Signs (Old Account 15).....Cr.	3,986.99
Station and Office Buildings.....Cr.	8,898.36
Roadway Buildings.....Cr.	5,882.62
Water Stations.....Cr.	17,261.07
Fuel Stations.....Cr.	505.13
Shops and Enginehouses.....	21,406.39
Telegraph and Telephone Lines.....	5,409.72
Signals and Interlockers.....	16,865.83
Power Transmission Systems.....Cr.	143.94
Miscellaneous Structures.....	442.24
Roadway Machines.....	37,022.99
Public Improvements—Construction.....	1,829.36
Shop Machinery.....	9,515.45
Power Plant Machinery.....	426.01
Organization Expenses.....Cr.	.53
General Officers and Clerks.....Cr.	89.29
Law.....Cr.	.03
Stationery and Printing.....Cr.	10.84
Taxes.....Cr.	22.71
Interest during Construction.....Cr.	944.06
Other Expenditures—General.....Cr.	29.53
Total.....	\$ 93,133.93

RESERVE FOR EQUIPMENT DEPRECIATION
AND AMORTIZATION

As of December 31, 1942

	Depreciation	Amortization
Steam Locomotives.....	\$ 3,277,836.07	\$ 47,921.84
Diesel Locomotives.....	36,077.66	10,147.47
Freight Train Cars.....	9,956,180.33	1,067,608.95
Passenger Train Cars.....	1,871,119.66	.....
Work Equipment.....	415,511.83	.....
Miscellaneous.....	4,535.28	.....
Total.....	\$15,561,260.83	\$1,125,678.26

ADDITIONS AND BETTERMENTS TO EQUIPMENT

Year Ended December 31, 1942

ADDITIONS		Amount
3	Steam Locomotives (Reinstated because of shortage of equipment).....\$	54,849.82
4	Steam Locomotives (Purchased second hand from C. I. & L. Ry.).....	60,000.00
	Steam Locomotives (Costs to rehabilitate 8 used locomotives).....	206,955.24
	Steam Locomotives—Construct 3-12,000 gallon tenders....	28,423.15
	Steam Locomotives—Steel cabs to 6 locomotives.....	1,167.31
	Steam Locomotives—Feed water heaters to 4 locomotives..	11,680.96
	Steam Locomotives—Power Reverse Gears to 11 locomotives	2,437.07
	Steam Locomotives—Mechanical lubricators to 4 locomotives.....	4,470.03
	Steam Locomotives—Simplex Stokers to 4 locomotives....	12,147.35
	Steam Locomotives—Install valve pilot on 1 locomotive...	1,527.54
	Steam Locomotives—Miscellaneous minor improvements..	2,805.63
100	Automobile cars.....	335,971.95
	Gondola cars—Apply steel bottoms on 25 cars.....	2,032.20
	Ore cars—Extend sides on 82 cars.....	5,418.30
	Freight train cars—Bottom rod guards and brake beam safety supports.....	859.73
	Freight train cars—AB brake equipment.....	96,607.67
	Freight train cars—Miscellaneous minor improvements...	930.01
4	Baggage cars (Reclassified account remodeled from Dining Cars).....	96,231.44
2	Coach-Cafe-Lounge (Reclassified account remodeled from Cafe-Observation cars).....	57,912.73
	Passenger train cars—Miscellaneous Minor Improvements.	1,378.95
9	Other company service equipment (4 converted from Revenue service, 1 converted from tender, 1 reclassified account remodeled from cook and dining).....	6,387.28
5	Congdon Snow Plows—(Converted from tenders).....	4,213.28
	Locomotive crane—Remodel.....	6,569.85
	Other company service equipment—miscellaneous minor improvements.....	1,525.40
4	Automobiles.....	5,002.00
	Miscellaneous accounting adjustments.....	615.63
Total.....		\$1,008,180.52

DEDUCTIONS		
3	Locomotives.....\$	34,744.21
	Locomotives—Extra tenders—6 each (converted to work service).....	18,494.36
	Locomotives—Congdon Snow Plows—8 each (5 converted to work service).....	2,248.24
5	Automobile cars.....	9,514.46
1	Ballast car.....	1,186.08
160	Box cars.....	202,775.24
1	Gondola car.....	2,302.36
2	Refrigerator cars.....	3,143.25
2	Cafe-Observation cars (Reclassified account remodeled into coach-cafe-lounge cars).....	47,686.06
2	Baggage cars.....	8,827.52
4	Dining cars (Reclassified account remodeled into baggage cars).....	120,533.19
1	Passenger and baggage.....	4,134.59
4	Passenger coaches.....	29,274.76
3	Other Company service equipment (1 reclassified).....	3,026.66
5	Automobiles.....	4,036.96
	Trailers (2 each).....	122.06
Total.....		492,050.00
Net Additions.....\$		516,130.52

EQUIPMENT OWNED DECEMBER 31, 1942**Equipment Owned and Operated****STEAM LOCOMOTIVES**

Steam Locomotives—all classes.....	176
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OTHER LOCOMOTIVES

Diesel Locomotives.....	4
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FREIGHT TRAIN CARS

Automobile Cars.....	682
Ballast Cars.....	279
Box Cars.....	6,156
Caboose Cars.....	134
Flat Cars.....	389
Gondola Cars.....	705
Ore Cars.....	1,115
Refrigerator Cars.....	9
Stock Cars.....	395
Tank Cars.....	7

Total Freight Train Cars.....	9,871
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PASSENGER TRAIN CARS

Baggage Cars.....	31
Baggage and Smoking Cars.....	1
Buffet-Sun Parlor-Lounge Cars.....	4
Cafe-Observation Cars.....	1
Dining Cars.....	4
Mail and Express Cars.....	28
Mail, Express and Coach.....	6
Parlor Cars.....	1
Passenger Coaches.....	40
Coach-Cafe Lounge.....	2
Passenger and Baggage Cars.....	9
Sleeping Cars.....	5
Tourist Cars.....	6
Sleeping-Restaurant and Lounge.....	2
Drovers Cars.....	5

Total Passenger Train Cars.....	145
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WORK EQUIPMENT

Officers' Cars.....	5
Derrick Cars.....	2
Wrecking Cars (Steam).....	5
Other Company Service Equipment.....	184

Total Work Equipment.....	196
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MISCELLANEOUS EQUIPMENT

Automobiles.....	9
Electric Trucks.....	2
Lime Spreader.....	1
Spraying Outfit.....	1

Total Miscellaneous Equipment.....	13
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*Tanks owned by Chippewa Springs Water Corporation mounted on three flat cars owned by Carrier.

Tanks owned by Gedney Pickle Company mounted on four flat cars owned by Carrier.

MILES OF ROAD OPERATED, DECEMBER 31, 1942

SOLELY OWNED

Minnesota Division

	Miles
Portal, N. D.....to Minneapolis, Minn., W. Switch Humboldt Yard.....	543.85
Whitetail, Mont.....to Flaxton, N. D.....	136.62
Sanish, N. D.....to Prairie Junction, N. D.....	32.80
Plaza, N. D.....to Drake, N. D.....	83.48
Max, N. D.....to Hankinson, N. D.....	304.58
Pollock, S. D.....to Wishek, N. D.....	70.32
Grenville, S. D.....to Fairmount, N. D.....	83.61
Total Minnesota Division.....	1,255.26

Winnipeg Division

Noyes, Minn.....to Glenwood, Minn.....	265.05
Kenmare, N. D.....to Dakota Junction, Minn.....	296.44
Armourdale, N. D.....to Egeland, N. D.....	21.88
Drake, N. D.....to Fordville, N. D.....	130.96
Plummer, Minn.....to Moose Lake, Minn.....	192.29
Lawler, Minn.....to East Lake, Minn.....	6.51
Ironton, Minn.....to Crosby, Minn.....	1.00
Boylston Jct., Wis.....to Brooton, Minn.....	175.89
McGregor, Minn.....to Conn. with N. P. Ry.....	.06
Total Winnipeg Division.....	1,090.08

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue, North.....to W. Switch, Humboldt Yard.....	4.71
Minneapolis, Minn., Camden Place.....to Weyerhaeuser, Wis.....	112.86
Minneapolis, Minn., Columbia Heights.....to Hilo Junction.....	1.09
St. Paul, Minn.....to Cardigan Junction, Minn.....	8.13
Dresser Jct., Wis.....to Superior, Wis., 28th Street.....	103.30
Superior, Wis., 12th Street Junction.....to Interstate Bridge.....	1.89
Duluth, Minn., Interstate Bridge.....to 10th Ave., Freight House.....	1.39
Summit, Wis.....to St. Croix Falls, Wis.....	2.04
Ridgeland, Wis.....to Barron, Wis.....	18.52
Rice Lake, Wis.....to Cameron, Wis.....	6.68
Superior, Wis.....to Conn. with N. P. Ry.....	.68
Total Minneapolis-Duluth Division.....	261.29

Gladstone Division

Weyerhaeuser, Wis.....to Sault Ste. Marie, Mich.....	378.72
Wisconsin Jct., Wis.....to Winnebago Junction, Wis.....	118.80
Appleton, Wis., North Wye...to End of track.....	1.07
Rapid River, Mich.....to Eben Junction, Mich.....	30.54
Total Gladstone Division.....	529.13
Total Solely Owned.....	3,135.76

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. Ry. Co.....	1.71
Minneapolis, Minn.—Joint with N. P. Ry.....	.88
Bemidji, Minn.—Joint with N. P. Ry.....	.19
Deerwood, Minn. to Cuyuna Range Mines—Joint with N. P. Ry.....	21.51
Total Jointly Owned.....	24.29
Total Mileage Owned and Operated.....	3,160.05

MILES OF ROAD OPERATED, DECEMBER 31, 1942—Cont.

Total Mileage Owned and Operated.....3,160.05

TRACKAGE RIGHTS

Over Wisconsin Central Railway

Superior, Wis., 28th Street....to Tower Avenue.....	2.44
Duluth, Minn., Berwind Jct....to 6th Avenue.....	4.71
Winnebago, Wis.....to Winnebago Jct.....	.06

Total Over W. C. Ry.....7.21

Joint With Wisconsin Central Ry.

St. Paul, Minn.....N. P. Ry., Soo Line Jct. to 3rd St.....	2.42
St. P. U. D. Co., 3rd St. to Sibley St.....	.85
C. St. P. M. & O. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St..	.79
C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn.....	10.54
Minneapolis, Minn.....M. & St. L. R. R., 20th Ave. So. to 4th Ave. North.....	.80
N. P. Ry., 4th Ave. No. to 14th Ave. N..	.66
Superior, Wis.....D. S. Br. Co., Superior, Wis. to Interstate Bridge.....	.54
L. S. T. & T. Ry., Tower Ave.....	.43
N. P. Ry., Grassy Point Line, Superior Wis. to Duluth, Minn.....	1.96
Duluth, Minn.....N. P. & C. St. P. M. & O., 8th to 15th Ave. West.....	.37

Total Joint with W. C. Ry.....19.36

Other

Sault Ste. Marie, Mich.—Union Depot Co.....	.52
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn., N. P. Ry.....	30.95
Superior—Ore Dock Line & Hill Ave. Yd.—N. P. Ry.....	.47

Total Other.....32.46

Total Soo Line Mileage Operated.....3,219.08







